

ARTICLE APPEARED
ON PAGE A1-3

THE WASHINGTON POST
20 November 1980

Casey Is Reported in Line For Directorship of CIA

By Robert G. Kaiser
and Michael Getler
Washington Post Staff Writers

William J. Casey, who helped run American intelligence operations behind enemy lines in World War II, is expected to be nominated to become the next director of the Central Intelligence Agency, authoritative sources said yesterday.

President-elect Ronald Reagan met yesterday with Sen. John Tower (R-Tex.), a leading contender for secretary of defense, but neither would confirm that Tower will be offered the Pentagon job.

Sources close to Tower said last night that the senator's selection as defense secretary was by no means certain. Tower reportedly came away from his meeting with Reagan without any clear signal from the president-elect as to his prospects.

Some sources in the Reagan transition operation referred to Gen. Alexander M. Haig as a strong possibility to become secretary of state, but sources close to Haig said he had heard nothing to this effect from the president-elect or his aides. Haig has had no conversations about the job with anyone representing Reagan, these sources said.

Allocating the job of secretary of state now appears to be the key to Reagan's Cabinet-building efforts. There has been no shortage of candidates. Casey, who now is expected to go to the CIA, wanted it, informed sources said, as did Haig, former Office of Management and Budget director. Caspar Weinberger, former Treasury secretary. William Simon, former Texas governor. John B. Connally and former secretary of state Henry A. Kissinger.

George P. Shultz, former Labor and Treasury secretary, has been mentioned persistently as the leading candidate for secretary of state, but he reportedly has said he does not want the job and that his position on the Middle East, as vice chairman of the Bechtel Corp., a multinational construction firm, might preclude his taking it. (Shultz has taken a more pro-Arab position

than Reagan did during the campaign.)

Sources in the Reagan camp said yesterday that Shultz's statements should be taken seriously, though the sources did not rule him out as the nominee.

Simon apparently has been eliminated by a decision — all but final, sources say — to nominate him for secretary of the Treasury again. Kissinger is fiercely opposed by conservative politicians and groups that were important Reagan backers in the campaign. Connally, according to sources close to him, has apparently been ruled out as a member of the Reagan Cabinet, in part because of concern that he was tainted by his 1975 indictment on charges of taking an illegal gratuity in connection with the raising of milk price supports in the Nixon administration. Connally was acquitted.

Weinberger, long a Reagan confidant, and a member of Reagan's gubernatorial administration in Sacramento, still may be in the running for the State Department, though Reagan transition team sources say it is more likely that he will return to the OMB.

However, informed sources say that Weinberger does not want to go back to OMB; he could end up as a counselor to the president with Cabinet rank or in some other role putting him close to Reagan. Rep. David Stockman (R-Mich.) is an active candidate for the OMB job, and is supported by many of Reagan's most ardent conservative supporters. Stockman is also considered a possible secretary of energy, though he has told Reagan transition officials that he would not take that post.

Reagan will meet soon, perhaps this weekend, with the informal advisers known as his "kitchen cabinet" who have been weighing possible Cabinet nominations. This group already has sent the president-elect a list of several possible nominees for each Cabinet post, with a tally of the votes each person on the list received from members of the "kitchen cabinet."

The Reagan camp has promised to announce Cabinet nominees by the first week of December.

Sources close to the Reagan camp said yesterday that William French Smith, the president-elect's personal lawyer, is still the leading candidate to become attorney general, though another source said this prediction would be premature and perhaps inaccurate.

On Capitol Hill, members of Congress interested in the Interior Department said they had heard three names mentioned as possible secretaries: Rep. Manuel Lujan Jr. (R-N.M.), Rep. John J. Rhodes (R-Ariz.) and Gov. Jay Hammond of Alaska. Lujan said last night that he knew his name was being mentioned for the job, but said he had not heard anything from anyone connected with Reagan.

Casey, slated to take over the CIA, served under Presidents Nixon and Ford as chairman of the Securities and Exchange Commission, undersecretary of state for economic affairs and president of the Export-Import Bank. Kissinger forced him out of the State Department job.

Now 67, Casey worked for the Office of Strategic Services (OSS) — the CIA's organizational ancestor — during World War II. He served in London as chief of secret intelligence in Europe, with direct responsibility for penetrating Nazi Germany with secret agents in the waning days of the war.

Casey took overall command of the Reagan campaign in February after the candidate fired campaign manager John Sears the day of the New Hampshire primary.

A senior Reagan aide disclosed yesterday that the new administration will retain William Webster as FBI director. Webster was appointed to his 10-year term by President Carter and career FBI officials reportedly were anxious that he not be removed by the new administration.

The possibility that Tower might become secretary of defense has caused concern among some Texas Republicans, sources said yesterday, because of fears that it would be difficult to keep his Senate seat in the Republican column in the special election that would be required within 90 days of his resignation.

Reports that Gov. William Clements would appoint Connally to Tower's seat were denied yesterday by sources close to the governor and by Connally's friends. Clements was reported as angry at the suggestion that he would participate in a prearranged deal to put

CONTINUED